



**MHEC**

Creating a state of achievement

**Robert L. Ehrlich, Jr.**  
Governor

**Michael S. Steele**  
Lt. Governor

**John J. Oliver, Jr.**  
Chairman

**Calvin W. Burnett**  
Secretary of Higher Education

## **MARYLAND HIGHER EDUCATION COMMISSION HIGHER EDUCATION OVERVIEW**

### **Senate Budget and Taxation Subcommittee on Education, Business, and Administration**

**February 7, 2005**

#### **Secretary's comments to issues raised in the Department of Legislative Services Analysis**

1. The Secretary should comment on the appropriateness of USM's demand model in enrollment projection discussions.

The 2003 JCR on the *Ability of Higher Education to Meet Enrollment Growth and Workforce Demands*, included a demand model developed by USM to project enrollments. MHEC has raised concerns about the assumptions and methodology of this model. The Commission stands by its own enrollment projections, which have a proven track record.

2. The Secretary also should comment on the status of efforts by USM and DBM to revise the space guidelines for capital projects, whether any such effort is planned for community colleges, and MHEC's role in the revision efforts.

USM and DBM have begun some preliminary work in reviewing the space guidelines for capital projects. The 2004 State Plan for Postsecondary Education includes the following recommendation:

*The Secretary of Higher Education, in consultation with the Secretary of Budget and Management and the higher education community, should examine and recommend revisions to the capital improvement planning process, including any needed revisions of the capital facilities space guidelines for higher education. This study should incorporate data on the actual use of academic facilities and on the impact of distance education to aid in the development of guidelines and should include consideration of the deferred maintenance needs of higher education.*

MHEC has statutory responsibility to develop guidelines to assess the adequacy of capital funding. The Commission will be establishing a workgroup to undertake this review, working cooperatively with 4-year and 2-year public institutions as well the Department of Budget and Management.

#### **MARYLAND HIGHER EDUCATION COMMISSION**

839 Bestgate Rd. • Suite 400 • Annapolis, MD 21401-3013

T 410.260.4500 • 800.974.0203 • F 410.260.3200 • TTY for the Deaf 800.735.2258 • [www.mhec.state.md.us](http://www.mhec.state.md.us)

3. The Secretary and Chancellor should comment on the factors contributing to the State's failing grade in affordability.

In the *2004 National Report Card on Higher Education* issued by the National Center for Public Policy and Higher Education, Maryland received a grade of "F" on affordability. This grade is based on family ability to pay, strategies for affordability and reliance on loans. The report card found:

- In Maryland, families pay a larger portion of their income to attend public 2-year and 4-year colleges and universities, even after financial aid is considered, than high performing states.
- The state provides low levels of need-based financial aid compared to top-performing states.
- Maryland does not offer low-priced college opportunities; tuition and fees at Maryland community colleges rank 11<sup>th</sup> highest in the nation.
- Undergraduate students have higher average loan amounts than students in top performing states.

Top performing states provide:

- More need-based aid than the federal government to their state residents;
- Both low-cost colleges and high levels of need-based financial aid; and
- Undergraduate students have low student debt levels (i.e., low reliance on loans).

The analysis provided in the 2004 report card of the strengths and weakness of Maryland's performance in higher education raises two policy questions in regard to affordability:

- *Can the State's two-year colleges be made more affordable, particularly for low- and middle-income families?*
- *Can Maryland develop a low-priced option within its higher education system to better serve low-income families in the state?*

However, substantial increases in funding for State need-based financial aid programs provided in FY 2005 and the FY 2006 budget request combined with increased institutional need-based aid as recommended in the USM Task Force on Student Financial Aid will begin to address Maryland's deficiencies in affordability.